

## Message Text

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06592 01 OF 02 011754Z  
ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00  
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02  
OMB-01 DOE-15 JUSE-00 /124 W  
-----124800 011803Z /46

P 011721Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 9068  
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 06592

USMTN

ACTION STR PASS ELECTRICALLY FOR MCNAMARA AND BARREDA  
STR PASS CODEL

E.O. 11652 N/A  
TAGS: MTN, ETRD, JA  
SUBJECT: U.S.-JAPAN BILATERAL ON JAPAN SUPPLEMENTAL  
- TARIFF REQUEST LIST

REF: A. GENEVA 2242, B. GENEVA 6390

1. SUMMARY. U.S. MTN DEL LISTENED FOR 10 HOURS TO JAPANESE  
DEL (ENDO) PLUS THREE MITI TECHNICIANS DISCUSS THE JAPANESE  
SUPPLEMENTAL REQUEST LIST FOR IMPROVEMENT OF U.S. TARIFF  
OFFER. U.S. DEL EMPHASIZED THAT MOST JAPANESE REQUESTS  
EXTENDED BEYOND U.S. NEGOTIATING AUTHORITY AND NO IMPROVE-  
MENT WAS POSSIBLE. NONETHELESS, JAPANESE DEL, OBVIOUSLY  
FOLLOWING INSTRUCTIONS FROM TOKYO, ASKED THAT U.S. DEL  
LISTEN TO EXPLANATION OF JAPANESE REQUESTS ON ALL ITEMS.  
U.S. DEL RELUCTANTLY AGREED BUT MADE NO RESPONSE ON ITEMS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06592 01 OF 02 011754Z

WHERE NO U.S. TARIFF REDUCTION AUTHORITY REMAINS. END SUM-  
MARY.

2. U.S. MTN DEL (MCNAMARA, MOORE, CASSIDY) MET ON APRIL 26  
AND 27 FOR 10 HOURS WITH JAPANESE DEL (ENDO, KATO, SATO),  
AND THREE MITI OFFICIALS (INABA, HOSHINO, NISHIMURA) TO  
DISCUSS JAPANESE SUPPLEMENTAL REQUEST LIST. JAPANESE DEL

EXPLAINED WHAT DOMESTIC PROCEDURES OF CONSULTATIONS WITH PRODUCERS AND EXPORTERS AND APPROVAL BY JAPANESE MINISTRIES WERE USED TO DRAW UP THE SUPPLEMENTAL REQUEST LIST. IN CHOOSING THE REQUESTED RATES, JAPAN GENERALLY REQUESTED THAT U.S. MATCH JAPANESE OFFER RATES. IN THE FEW CASES WHERE THE U.S. RATE WAS LOWER, JAPAN REQUESTED FORMULA CUTS.

3. U.S. MTN DEL RESPONDED THAT U.S. OFFER WAS EXTREMELY GENEROUS, OPENING UP A FULL RANGE OF TRADE POSSIBILITIES EVEN IN HIGHLY SENSITIVE INDUSTRIES THAT ARE OF KEEN INTEREST TO JAPAN. U.S. DEL REPEATED THE MAJOR POINTS IN REF. A, WHICH DETAILED THE GENEROSITY OF THE U.S. OFFER. U.S. DEL EXPRESSED THE U.S. DISSATISFACTION WITH NATURE OF JAPAN'S SUPPLEMENTAL LIST PARTICULARLY IN VIEW OF THE POOR JAPANESE OFFER. REFERRING TO REF. B, U.S. DEL EXPLAINED THAT 90 PERCENT OF JAPANESE REQUESTS WERE BEYOND U.S. NEGOTIATING AUTHORITY 1) BY REQUESTING TARIFF CUTS ON MANDATORY EXCEPTIONS, AND 2) BY REQUESTING RATES EXCEEDING TRADE ACT AUTHORITY. WITH RESPECT TO THESE ITEMS, U.S. DEL EXPLAINED THAT WE WOULD LISTEN, BUT WOULD NOT RESPOND TO SUCH REQUESTS, SINCE NO AUTHORITY EXISTS FOR FURTHER REDUCTIONS. JAPAN RESTATED ITS SUGGESTION THAT CONCESSIONS WHICH EXCEED TA AUTHORITY BE SUBMITTED TO CONGRESS FOR APPROVAL. U.S. DEL EXPLAINED WITH CONSIDERABLE RESTRAINT THAT TRADE ACT FAST-TRACK PROCEDURES COULD NOT BE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 06592 01 OF 02 011754Z

USED TO INCREASE TARIFF CUTTING AUTHORITY EXCEPT IN LIMITED CONTEXT OF SECTOR AGREEMENTS AND NOTED SECTOR NEGOTIATIONS WERE A TECHNIQUE JAPAN HAS CONSISTENTLY OPPOSED. WE ASKED WHETHER THIS REQUEST REPRESENTED A CHANGE IN JAPANESE POLICY.

4. JAPANESE DEL PROCEEDED WITH EXPLANATION OF ITS REQUEST LIST HAVING GIVEN U.S. DEL COMPUTER TABLES ORGANIZING JAPANESE REQUEST LIST ON AN INDUSTRY BASIS. (TABLES BEING HANDCARRIED TO STR BY MCNAMARA.) THROUGHOUT DISCUSSIONS, JAPANESE DEL REPEATED THE PROBLEMS OF AN "OVERVALUED" YEN, AND THAT FOR MANY OF THE PRODUCTS ON THE REQUEST LIST, THERE WERE MANY SMALL JAPANESE PRODUCERS CONCENTRATED IN A FEW AREAS. IN ADDITION, JAPANESE DEL COMPLAINED THAT GSP MARGIN OF PREFERENCE HAD ERODED JAPANESE SHARE OF U.S. MARKET IN MANY PRODUCTS. U.S. DEL CITED TIME AND TIME AGAIN THROUGHOUT THE MEETING THAT WITH RESPECT TO MANDATORY EXCEPTIONS AND ITEMS WHERE FULL TRADE ACT AUTHORITY WAS OFFERED, THERE IS NO ROOM FOR IMPROVEMENT.

5. THE FOLLOWING PARAGRAPHS COVER THE "HIGHLIGHTS" OF THE MEETING:

- A. WOOD SCREWS, HAND TOOLS, LATCH NEEDLES: MANY SMALL JAPANESE PRODUCERS OF HAND TOOLS FACED WITH BUY AMERICA POLICY AND FACING COMPETITION FROM GSP SUPPLIERS. U.S. DEL RESPONDED THAT IT WAS UNLIKELY U.S. WOULD MAKE AN OFFER ON METAL FASTENERS BEFORE RESOLUTION OF ATTEMPT TO OBTAIN CONGRESSIONAL OVERRIDE OF PRESIDENT'S DECISION NOT TO PROVIDE IMPORT RELIEF. FOR LATCH NEEDLES FOR KNITTING MACHINES, I/C RATIO TRIPLED DURING 1968-74, WITH DECLINE IN EMPLOYMENT AND NUMBER OF PRODUCERS. ALSO NOTED THAT GERMANY WAS THE PRINCIPAL SUPPLIER.

- B. BALL BEARINGS: IN RESPONSE TO JAPANESE QUERY,

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 GENEVA 06592 02 OF 02 011801Z  
ACTION STR-07

INFO OCT-01 EA-10 IO-13 ISO-00 STRE-00 JUSE-00 AGRE-00  
CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01  
INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01  
CTME-00 AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02  
SOE-02 OMB-01 DOE-15 /124 W

-----124824 011808Z /46

P 011721Z MAY 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 9069  
INFO AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 02 OF 02 GENEVA 06592

USMTN

U.S. DEL RESPONDED THAT WE DID NOT KNOW WHEN U.S. WOULD MAKE OFFER ON BALL BEARINGS. WITH RESPECT TO JAPANESE COMPLAINT ON FINAL LIST 38 PERCENT UPLIFT, U.S. DEL CITED ITC PROPOSED RATES OF FINAL LIST ITEMS, IF IMPLEMENTED, AS A BENEFIT TO JAPAN SINCE RATE REFLECTS TRADE FROM ALL COUNTRIES. (COMMENT: IT WOULD BE HELPFUL FOR U.S. DEL TO KNOW WHEN OFFERS WILL BE FORTHCOMING, IF EVER, ON BALL BEARINGS (WE BELIEVE IMPORT RELIEF TERMINATED APRIL 30.) AND HIGH-CARBON FERROCHROMIUM.)

- C. ELECTRICAL MACHINERY AND EQUIPMENT: JAPAN FACING HEAVY COMPETITION IN U.S. MARKET FROM LDC'S IN CAR

RADIOS, CAPACITORS, RESISTORS AND TV PICTURE TUBES AND WANTS TARIFF REDUCTION IN ORDER TO DIMINISH LDC MARGIN OF PREFERENCE. U.S. DEL RESPONDED THAT IMPORT/CONSUMPTION RATIOS VERY HIGH FOR CAPACITORS, RESISTORS, AND TV PICTURE TUBES. U.S. RADIO INDUSTRY NOW PRODUCING RADIOS ONLY FOR AUTOMOBILES, THE REMAINING PART OF INDUSTRY HAVING DIS-APPEARED DUE TO JAPANESE COMPETITION.  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 GENEVA 06592 02 OF 02 011801Z

- D. MOTOR VEHICLES: JAPANESE DEL EXPRESSED ITS KEEN INTEREST IN FURTHER TARIFF CUTS ON BICYCLES AND PARTS, PARTICULARLY, SADDLES AND DERAILLERS AND NOTED THAT "CHICKEN WAR" RATES ON TRUCKS WERE HARMING JAPAN RATHER THAN GERMANY. U.S. DEL RESPONDED THAT U.S. DEMAND FOR BICYCLES IS DOWN AND IMPORTS HAVE IMPACTED THE MARKET. IN ADDITION, ESCAPE CLAUSE ACTION HAS BEEN UNDERTAKEN ON BICYCLE TIRES AND TUBES. U.S. DEL NOTED "CHICKEN WAR" DUTIES WERE AVOIDED BY IMPORTATION OF JAPANESE TRUCK CHASSIS AND CABS AND THAT TRUCK DUTIES DEPENDED ON RESOLUTION WITH EC OF ITS POULTRY LEVIES.

- E. RUBBER FOOTWEAR, HEADWEAR, GLOVES AND LUGGAGE: JAPANESE DEL PARTICULARLY INTERESTED IN RUBBER FOOTWEAR (ASP ITEM) AND HEADWEAR AS WELL AS CERTAIN MACHINE MADE GLOVES OF TEXTILE MATERIALS. INTEREST IN LUGGAGE CENTERS ON THOSE GOODS OF TEXTILE MATERIALS AND REINFORCED PLASTICS. JAPANESE DEL COMPLAINED OF INROADS MADE BY LDC'S IN ALL AREAS. U.S. DEL RESPONDED THAT SMALL PLANTS PRODUCING GLOVES CONCENTRATED IN PUERTO RICO. THE SENSITIVITY OF THE FOOTWEAR INDUSTRY IS WELL KNOWN AND THE NUMBER OF FIRMS PRODUCING LUGGAGE AND FLATGOODS HAS STEADILY BEEN DECLINING.

- F. OPTICAL GOODS AND MEASURING INSTRUMENTS. U.S. BEGAN DISCUSSION STATING U.S. HAD MADE MAXIMUM OFFER POSSIBLE EXCEPT FOR TAXIMETERS AND BICYCLE METERS. THERE WAS NO FURTHER ROOM FOR IMPROVEMENT AND ALTHOUGH WE WOULD LISTEN, WE WOULD NOT TAKE NOTES AND NOT REPORT JAPANESE VIEWS. JAPANESE DEL EXPLAINED THEIR PRIORITY ITEMS WERE EYEGASSES WHERE GSP PREFERENCE WAS ERODING THEIR MARKET IN U.S., AND ELECTRICAL MEASURING INSTRUMENTS (TSUS  
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 GENEVA 06592 02 OF 02 011801Z

712.49).

- G. TEXTILES: JAPAN PARTICULARLY INTERESTED IN MANMADE FIBER YARNS AND WOVEN FABRICS, WOOL FABRICS, AND APPAREL ITEMS OF WOOL AND MANMADE FIBER. U.S. RESPONDED WITH THE USUAL DETAILS OF THE SENSITIVITY OF THE U.S. INDUSTRY, THE 2.3 MILLION WORKERS WITH FEW SKILLS, ETC.

- H. NONFERROUS METALS: JAPANESE DEL EXPRESSED PARTICULAR INTEREST IN TITANIUM. U.S. DEL EXPLAINED NATIONAL SECURITY AND ECONOMIC REASONS (CUT IN B-1 PROGRAM) FOR TITANIUM EXCEPTIONS.

6- JAPANESE DEL NOTED MANY OTHER ITEMS OF PARTICULAR INTEREST TO IT, NOTABLY: FLATWARE WITH HANDLES OF PLASTIC AND WOOD, WATCHES, GUITARS (DIET MEMBER KASUGA PARTICULARLY INTERESTED IN THIS ITEM), CERAMIC DINNERWARE (PARTICULARLY EARTHENWARE), SPECIALTY STEEL, CERAMIC TILES AND INSULATORS, MIRRORS AND GLASSWARE, BUTTONS, SLIDE FASTENERS, ASP PLASTICS, ASP COLORS, DYES AND STAINS, AND SPORTING GOODS.

7. DRAFTED BY CASSIDY. CULBERT

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DOCUMENTS, TARIFFS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 may 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978GENEVA06592  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780185-0950  
**Format:** TEL  
**From:** GENEVA USMTN  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197805106/aaaadmrl.tel  
**Line Count:** 245  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 15b3a494-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION STR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 5  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 GENEVA 2242, 78 GENEVA 6390  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 05 may 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2532726  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** U.S.-JAPAN BILATERAL ON JAPAN SUPPLEMENTAL - TARIFF REQUEST LIST  
**TAGS:** ETRD, JA, US, MTN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/15b3a494-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014